

UNITED STATES DEPARTMENT OF AGRICULTURE

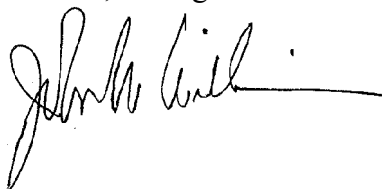
Farm Service Agency
Washington, DC 20250

Notice FI-2360

For: State and County Offices

**Additional Instructions for Processing FLP Collections
in the Cash Receipts Application on the System 36**

Approved by: Acting Deputy Administrator, Management



1 Overview

A

Background

Many County Offices are not following the instructions in Notice FI-2341 for:

- processing FLP dishonored checks in the Cash Receipts Application of the System 36
- processing corrections for an FLP collection.

When a correction or dishonored check is not processed correctly, additional workload is created in the St. Louis/KCMO Finance Office (SLKCFO) to correct the transactions.

B

Purpose

This notice reiterates and clarifies instructions for:

- processing FLP dishonored checks
- correcting FLP collections that have been incorrectly applied to a loan.

C

Contact

If there are questions about this notice, County Offices shall contact the State Office. State Offices shall contact Lenior Simmons, FMD, at 703-305-1313.

Disposal Date	Distribution
December 1, 1999	State Offices; State Offices relay to County Offices

Notice FI-2360

2 Instructions for Processing Dishonored FLP Checks

A

Overview

A borrower's check for payment of an FLP debt is deposited through the Cash Receipt Application of the System 36, using the program code "FCP". If the borrower's check does not clear banking channels, State and County Offices will be notified that the check was dishonored.

B

Processing Dishonored Checks

State and County Offices will be notified that an FLP check was dishonored by:

- a local depository bank, if they participate in the Concentration Banking System (CBS)
- KCMO, if they make deposits to the CCC Lockbox Bank.

After notification, State and County Offices shall follow the steps in this table to process the dishonored check.

Step	Action
1	<p>Immediately notify payee, by telephone, and confirm by letter, that a dishonored check was received. Request the payee to redeem with a cashier's check or money order.</p> <p>Note: Do not charge borrowers a dishonored check fee for an FLP collection.</p>
2	<p>Modify the program code of the original collection from "FCP" to "DISHCKCANFCP" according to Notice FI-2341, subparagraph 7 E. When the original program code is modified, SLKCFO is alerted that the collection should be removed from the borrower's debt.</p> <p>Note: Many County Offices are deleting the original collection instead of modifying the program code. The original collection for an FLP dishonored check should not be deleted.</p>
3	<p>CBS County Offices shall prepare a check to reimburse the local depository bank for the amount of the dishonored check and related fees. Prepare the check in the Disbursement/Checkwriting Application of the System 36 using program code "DISHCK".</p> <p>Note: County Offices that use the CCC Lockbox Bank do not have to reimburse the Bank.</p>
4	<p>When the borrower remits a cashier's check or money order for the dishonored check amount, process the remittance as a new collection.</p> <p>The remittance should be recorded on a new CCC-257 with program code "FCP".</p>

Notice FI-2360

3 Instructions for Correcting FLP Collections

A

Overview

If a State or County Office determines that a collection has been incorrectly applied to a loan, the collection may be corrected using the "Modify/Delete" option on the Cash Receipts Main Menu, or in some cases, it must be forwarded to SLKCFO to be corrected. This paragraph identifies different collection problems and the appropriate action for correcting the collection.

Note: These instructions do not apply to Treasury checks. See Notice FI-2341, Exhibit 4 for instructions on canceling Treasury checks.

B

Correcting FCP Collection

The following table lists several types of collections problems and the corrective action that should be taken when a collection is recorded in the Cash Receipts Application with program code "FCP".

IF the collection should have been recorded...	AND CCC-257...	THEN...
with program code "FCPLC"	has not been transmitted	<ul style="list-style-type: none">delete the collection using the "Modify/Delete" option on the Cash Receipts Main Menure-enter the collection using the correct program code.
	has been transmitted	file a "problem case" and FAX it to SLKCFO, Loan Operations Division (LOD) according to Notice FI-2341, paragraph 8.
with a different collection code, loan number, fund code, application code, effective date, or case number	has not been transmitted	modify the applicable code using the "Modify/Delete" option on the Cash Receipts Main Menu.
	has been transmitted	modify the applicable code using the "Modify/Delete" option on the Cash Receipts Main Menu.

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3 Instructions for Correcting FLP Collections (Continued)

B
Correcting FCP
Collection
(Continued)

IF the collection should have been recorded...	AND CCC-257...	THEN...
for a different amount Note: The amount of the check was incorrectly entered by the County Office.	has not been transmitted	modify the remittance amount using the "Modify/Delete" option on the Cash Receipts Main Menu.
	has been transmitted	<ul style="list-style-type: none"> • modify the remittance amount using the "Modify/Delete" option on the Cash Receipts Main Menu • file a "problem case" and FAX it to SLKCFO, LOD according to Notice FI-2341, paragraph 8.
and credited to 2 or more different loan numbers, but was only credited to 1 loan Example: A borrower submits a \$4,000 check and requests that \$3,000 be applied to loan number 01 and \$1,000 be applied to loan 02. In error, the County Office credits loan number 01 for \$4,000.	has not been transmitted	<ul style="list-style-type: none"> • delete the collection using the "Modify/Delete" option on the Cash Receipts Main Menu • re-enter the collection to apply the collection to the correct loan numbers.
	has been transmitted	<ul style="list-style-type: none"> • prepare FmHA 1951-7 according to Forms Manual Insert for FmHA 1951-7 • forward FmHA 1951-7 to St. Louis by FAX or mail according to the Notice FI-2341, paragraph 8. <p>Note: Do not attempt to correct the transaction using the System 36.</p>

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3 Instructions for Correcting FLP Collections

C

Correcting FCPLC Collection

The following table lists several types of collections problems and the corrective action that should be taken for a vendor check recorded in the Cash Receipts Application with program code "FCPLC".

IF the collection should have been recorded ...	AND CCC-257...	THEN...
with a different check amount, fund code, loan number, cancel action code, or case number	has not been transmitted	modify the collection using the "Modify/Delete" option on the Cash Receipts Main Menu
	has been transmitted	file a "problem case" and FAX it to SLKCFO, LOD according to the Notice FI-2341, paragraph 8.
with program code "FCP"	has not been transmitted	<ul style="list-style-type: none"> delete the collection using the "Modify/Delete" option on the Cash Receipts Main Menu re-enter the collection using the correct program code.
	has been transmitted	file a "problem case" and FAX it to SLKCFO, LOD according to Notice FI-2341, paragraph 8.
